OPINION

Personnel management

How to use knowledge as a main tool for training

by Jim Sullivan

After completing a two-hour seminar on suggestive selling techniques for several hundred servers of a rapidly expanding restaurant and bar group, the owner, who did not attend the session, came up to me afterward and said, "I assume my servers are all trained now, right?" I could only reply, "Informed, yes. Trained? No."

He looked nervous as a cat in a roomful of rocking chairs. "I thought you were training them to serve and sell?" he said. "No, sir," I replied. "I educated them on ways to merchandise your menu, but it's up to your managers now to train them."

Confusing education and training is the no. 1 reason that most restaurants' training programs fail. It results in "Teflon training," training that won't stick. Understanding the distinction between the two is the key to getting results and not just "covering content" in your restaurant's training program. Not knowing the difference between education and training results in:

- wasted time
- wasted payroll dollars
- confused trainees
- indifferent service
- lost sales
- unhappy customers who don't return.

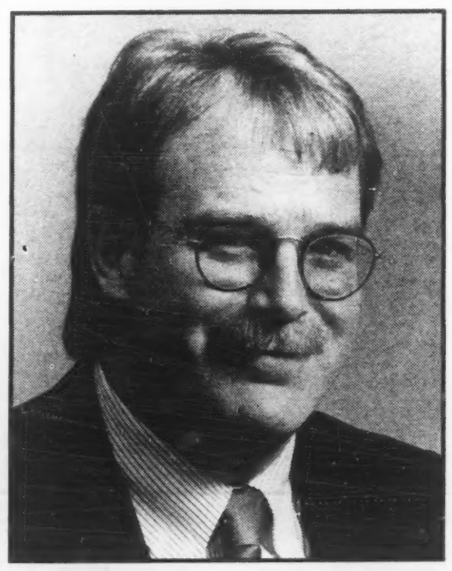
So how do they differ? Education provides knowledge. Training uses education as a tool.

Educational processes in the restaurant business usually begin the day the employee is hired. The information involves orientation and a policies and procedures review, and it is normally communicated through:

- training manuals or videos
- training meetings (informal or formal).

That's how we normally transmit the information. But how do we find out if the trainee or student is using the information on the job? One way is to evaluate the results.

How do you evaluate an educational program, such as a written training manual, a training video or a "live" orientation? You simply consider and review what a person has learned at the end of the course or manual or meeting. We can test or judge what he or she has learned through written or oral quizzing.



Jim Sullivan

Fine. Good. But how do you know that he or she really remembers what has been learned or, more important, that he or she will use it? Testing is not enough.

All of us have been trained — courtesy of the American public school and university system — to be experts on the fine art of "information dump." Remember all those exams where we knew the difference between mitosis and meiosis and could actually cipher a quadratic equation? Ten minutes after the exam we had no clue what was on it! We dumped the information on request and then seemed to purge it from our memory banks!

Yet how many restaurateurs throw a manual at their servers, followed by a quiz and then proclaim them trained? Maybe they also let servers shadow other servers so that the former can learn all the latter's good — and bad — habits in a "real life situation." That may be education, but it ain't training.

Education is passive learning.

Training is active learning.

Teacher Bob Pike says training aims at action, and you evaluate training by what your people can — and will — do. Training must be more comprehensively organized than education, because the result of disorganized knowledge is confusion. Confused people will not take action, so a training program that is not clear, organized and designed to produce results defeats itself and wastes your time and money.

Operator's manual vs. driver's ed

Think of the difference between education and learning in the following manner. Education is reading the operator's manual. Training is learning the behavior necessary to drive the car.

How many of you would give your car's operator's manual to someone who's never driven a car, let him or herread it once, take a quiz and then confidently hand the person the keys to your vehicle with a cheery "Enjoy yourself!"? It would never happen.

Yet how often do we fail to provide adequate time to train our employees to use the education we've shared with them? And then allowed them to practice, rehearse, be critiqued, practice some more, ask questions, role-play and so on until we're sure he or she has got it? Not often enough in most restaurants and never in others.

Think about this: Making one guest angry enough to leave your restaurant, tell all his or her friends about it and never come back because he or she was waited on by an indifferent server will cost you more in the long run than someone wrecking your car — the 10-year value of a restaurant guest "regular" and referrals is in the neighborhood of $50,000!

As a matter of fact, just multiply your average lunch or dinner tab times the number of days per year you're open, and that's the cost of losing just one customer per day to indifferent service or management. So don't just "educate" your servers, manager or kitchen staff with a manual. Coach, guide, rehearse and practice with them until their behavior becomes automatic.

Changing behavior and action are the keys to changing habit. You can't transform a wait staff order-taker into a salesperson by just educating them. Education is the horse. Training is the jockey.

Jim Sullivan is president of Pencom, a hospitality training and management firm in Denver.

Cook-chill is hot; sous vide is a mystery

by Arthur Wechsler

Considerable attention is being directed by equipment manufacturers, foodservice consultants and large volume feeders to a food preparation and storage system usually referred to as cook-chill.

To gauge just how much foodservice operators know and care about the process, we put the questions to our panel of menu planners and product screeners, a microcosm of the industry. The 313 respondents in the sample represent approximately 30,000 establishments.

Cook-chill is associated with non-commercial feeding. But barely half the commercial respondents in the Trendspotter survey were familiar with the process.

After being probed on their degree of awarenessand understanding of cook-chill, the surveyed operators were provided with this definition. "A system where food is hot-filled in special film bags, sealed, immediately chilled to stop the cooking process and refrigerated. The food is later reheated."

Hospitals appear to have the most interest in the potential benefits of cook-chill followed by the employee feeders. Colleges and schools, in this survey, were relatively light users and least likely to convert in the near future. Note: There is some penetration of correctional foodservice for cook-chill.

A closer look at commercial segments reveals hotels are more likely to have "considerable" interest in cook-chill for the foreseeable future than are dinner houses or family restaurants. However, at least "moderate" levels of interest are noted by dinner houses, fine dining and midscale — from 44 percent to 32 percent of the respective groupings.

Considerable polarization within the commercial sector was seen in the response to the statement "Cook-chill only makes sense at volume level of at least 500 meals a day." Just over one-third agreed, and the same ratio disagreed.

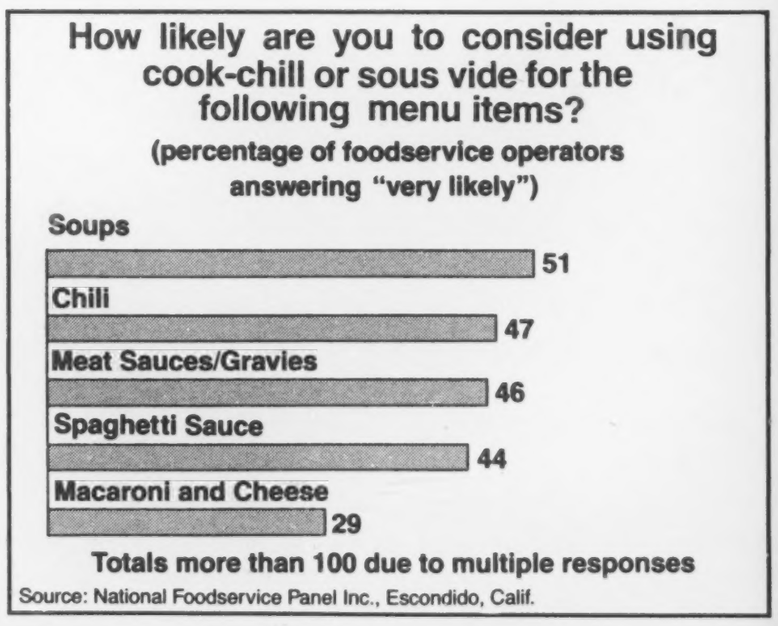
A relatively small group of equipment and packaging companies is active in the cook-chill field, at least from the standpoint of selling a "system" and "services" rather than simply "products." It was not difficult to identify 15 alleged benefits that cook-chill could provide certain foodservice operations.

These three claims had the strongest level of credibility for commercial foodservice: (1) storage and inventory are easier to handle; (2) the foods are packaged at near pasteurization temperature, therefore minimizing health hazards; (3) no trained cooks are needed at the serving location.

These three claims were the most difficult to believe, for the commercial side of foodservice represented by the sample: (1) four or five weeks later, foods retain all their "just cooked" freshness; (2) the food prepared in volume at central locations uses conventional equipment; a nominal capital investment is required; (3) the results are fresh-cooked, chef-prepared foods that taste as good as homemade food.

With labor costs continuing to rise and shortages of kitchen workers acknowledged as "a problem of the nineties," it is easy to understand why the most enlightened dispensers of foodservice in the commercial field are, at the least, increasing their base of knowledge of cook-chill systems. Those currently outside the field of awareness will be forced to consider some aspect of cook-chill in the new decade.

The more elegant uptown cousin of cook-chill is "sous vide." The survey defined that French term as "The process by which fresh or partly cooked food is vacuum-packed in special barrier-film bags, cooked, immediately chilled to 34 degrees Fahrenheit and refrigerated until use. Heating at time of service can be achieved in simmering water, microwave or other ovens. The process is utilized more for individual servings than for bulk."



Before presenting the definition, Trendspotter asked the respondents if they knew what sous vide means. Fewer than half, 42 percent, said they understood the term. Of the balance far more said "don't know" than "not sure."

Sous vide to date has penetrated the more upscale side of foodservice, where chefs hold sway. It is especially interesting that just over half the fine dining and dinner-house operators in the study show little or no grasp of the system. About 30 percent of the foodservice operators we contacted are convinced sous vide will make strong inroads in the 1990s.

Arthur Wechsler is president of National Foodservice Panel Inc., Escondido, Calif.

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Nation's Restaurant News®

THE NEWSWEEKLY OF THE FOODSERVICE INDUSTRY

SECOND CLASS

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Gulf crisis pummels restaurant stocks

Rally's, Cracker Barrel, Sbarro shares take a beating as Wall Street frets over oil prices, economic outlook

by Milford Prewitt

Restaurant stocks are among the early casualties in the war of wills being played out on the desert sand of the Middle East.

Since the Iraqi invasion of Kuwait and the ensuing build-up of American military might in Saudi Arabia, restaurant stocks have taken a pounding as investors abandoned the segment for safer havens.

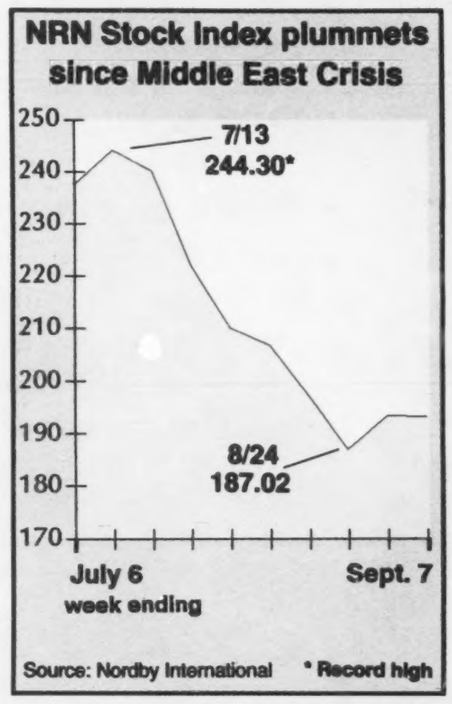
Rally's, Cracker Barrel and Sbarro were among the hardest hit following the Persian Gulf upheaval.

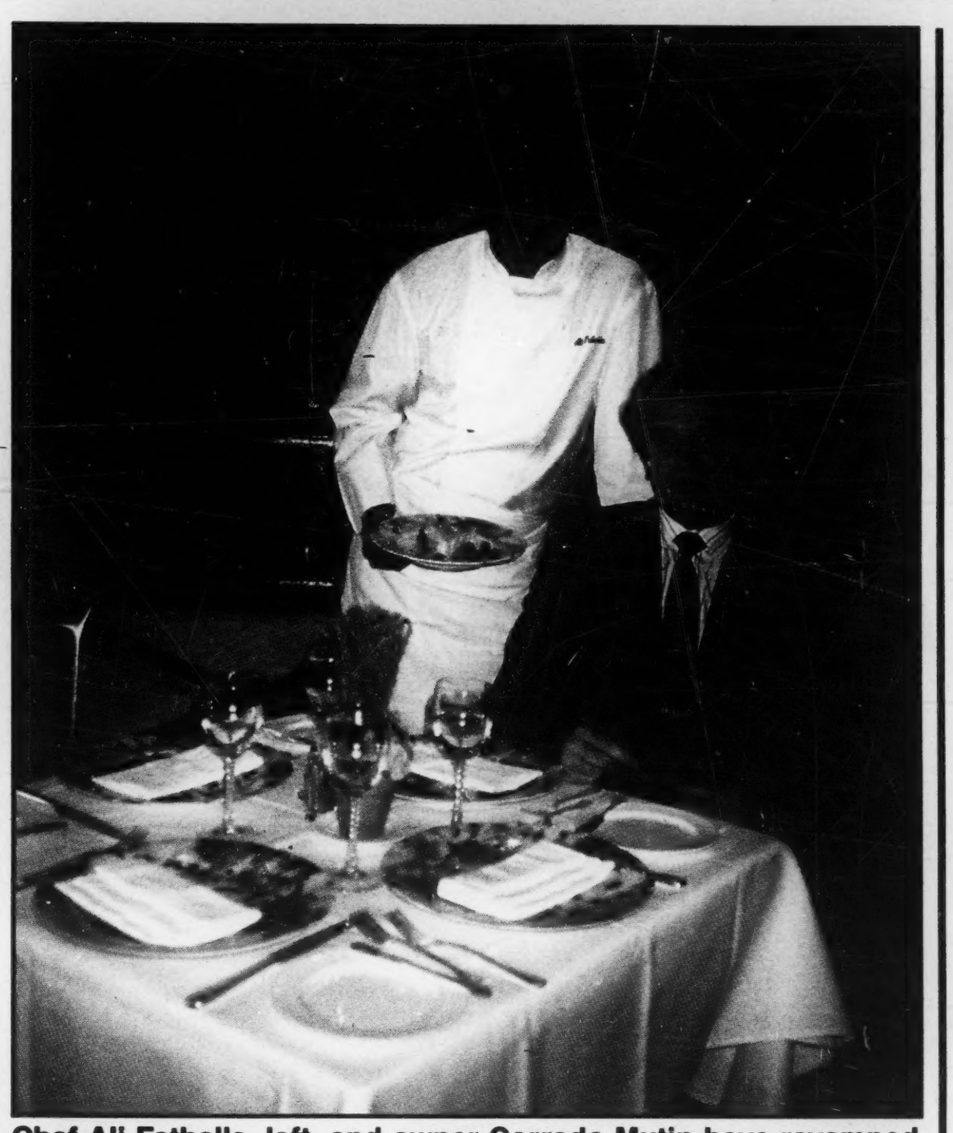
Investors bailed out of their restaurant portfolios under the presumption that a Middle East war would create oil shortages, increase gasoline prices and limit discretionary spending. Given the industry's pre-existing softness and widespread forecasts about a recession in the general economy, the showdown in the Persian Gulf could not have come at a worse time, analysts said.

"I think investors had an immediate knee-jerk reaction to dump on an industry that they perceive as being dependent on oil and gasoline," said Joseph J. Doyle, an analyst with Smith Barney in Manhattan. "I think it is an unfair justification.

"But where their concerns are justified is if increasing oil prices trip the economy into a recession. Then we'll have an industry, that some would say

(See GULF CRISIS, page 14)





Chef Ali Fathalla, left, and owner Corrado Mutin have revamped the menu at Ca'Nova in New York.

Stylish menu, tough controls revive Ca'Nova

by Paul Frumkin

NEW YORK — When chef Ali Fathalla took over the kitchen of Ca'Nova last April, the stylish, 1-year-old Italian restaurant was barely holding its own against other Madison Avenue neighbors.

Sales were lackluster, critics were unimpressed with the restaurant's largely veal-and-pasta menu, and food costs were raging somewhere around 60 percent.

"We were making just enough to stay open," recalled owner Corrado Mutin, a veteran of such New York restaurants as Parioli Romanissimo and Harry's Bar in the Sherry-Netherlands hotel. "If I had to survive that way, I would go

(See CA'NOVA, page 95)

Wisconsin resorts hurt by limits on liquor licenses

by Carolyn Walkup

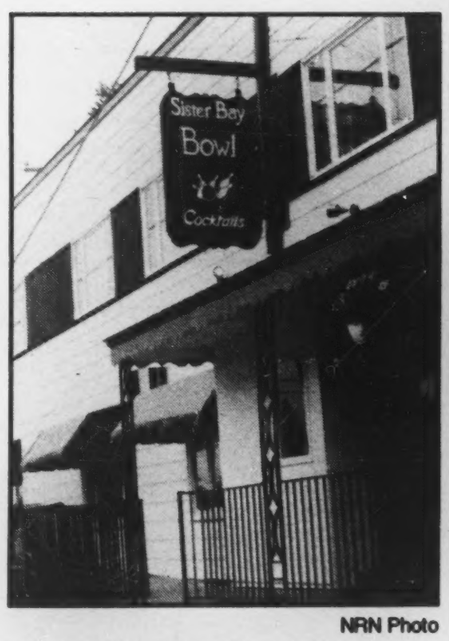
SISTER BAY, Wis. — Limitations on issuing liquor licenses have left many Wisconsin resort restaurant operators high and dry.

Wisconsin law restricts the number of licenses per municipality to one license for every 500 residents. Since the law does not count seasonal tourists as residents, it leaves many resort communities with a large number of restaurants that cannot serve liquor or wine.

No restrictions have been placed on the number of beer-only licenses, but many operators, particularly of fine-dining establishments, get more requests for wine than for beer. A bill to create a new wine-only license died in committee in the last legislative session but is expected to be reintroduced in the next session in early 1991.

"It's difficult to explain to patrons that you can serve beer and not wine in the 1990s," said Lars Johnson,

(See LIQUOR, page 94)



NRN Photo

Such signs as this one at Sister Bay Bowl, which has had a full liquor license for years, are rare on Wisconsin's Door County peninsula.

Vincent Orza

Orza heads to GOP runoff in Oklahoma

by Charles Bernstein

OKLAHOMA CITY — Vincent Orza, the president of Eateries Inc.'s Garfield's Restaurant & Pub chain, moved into the favorite's spot for this week's Republican gubernatorial runoff with an overwhelming plurality in the Aug. 28 primary.

Orza, a newcomer to politics who was regarded as an underdog to former U.S. attor-

(See ORZA, page 4)

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Rick Telberg/Page 32

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Vol. 24, No. 37 September 17, 1990

NEWS BRIEFS

Lawmaker seeks tax credit for ADA compliance

WASHINGTON — A tax proposal wending its way through Congress would grant restaurants and other small businesses a $5,000 tax credit for expenses incurred in complying with the new Americans with Disabilities Act.

The ADA, which will be phased into effect beginning Jan. 1., will require foodservice outlets and other public places to remove most impediments facing handicapped patrons and employees. Many business groups opposed the law because of the costs of compliance.

Under the Small Business Tax Act of 1990, places would be able to write off an additional $5,000 of the expenses. The provision was written by Rep. Dan Rostenkowski, D-Ill., whose chairmanship of the House Ways and Means Committee enhances the measure's chances of passage.

I Can't Believe It's Yogurt to buy I Love Yogurt

DALLAS — I Can't Believe It's Yogurt, a 362-unit frozen-yogurt chain, has inked a letter of intent to acquire the assets of the 18-store, publicly held I Love Yogurt chain.

Terms were not disclosed.

All five company-owned I Love Yogurt stores will be converted to the acquiring company's concept. Franchisees have the option of retaining the I Love Yogurt name or converting, I Can't Believe It's Yogurt said. Both chains are based in Dallas.

Rax lays off 23 employees

COLUMBUS, Ohio — Bruised by higher overhead costs and sluggish sales, Rax Restaurants Inc. has laid off 23 of its 130 administrative employees and transferred another five to operations posts.

Cuts were "virtually across the board," said Ira Hermann, chief executive of the 450-unit sandwich chain operation. The staff reductions were made in the chain's accounting, management information systems, and research and development departments.

"This is not a reactionary measure," Hermann stressed. "But we've experienced some sales declines, and we feel that it's a prudent decision at this point. Right now there is an overall softness in the industry, and we're affected just like everyone else."

For the third quarter ended April 30, Rax reported a loss of $736,000 on revenues of $27.4 million.

Consul trims 40 from payroll

MINNEAPOLIS — Consul Restaurant Corp., the largest Chi-Chi's franchisee, said it has eliminated more than 40 management positions and trimmed its headquarters' overhead by 15 percent to 20 percent in an effort to reduce costs by $1 million.

The cutbacks followed a difficult summer in which "we were anticipating a 3 to 4 percent [sales] gain and things were flat to slightly down," said Bill Etter, president of the 53-unit operation. "We expect that it might be a slow winter."

He attributed the downturn to a combination of increased competiton — particularly from Red Lobster, Olive Garden and Chili's — and a softening economy.

"Stores that had eight managers will go down to seven, those that had five will go down to six and ones that had six will go to five," Etter said.

Consul reported a 280-percent jump in profits, to $515,000, for the second quarter ended July 4.

Disney to open drive-in movie concept at MGM

ORLANDO — In a sequel to its red hot '50s Prime Time Cafe — where servers dress and talk like TV moms — Disney-MGM Studios is developing Sci-Fi Drive In, a parking lot-themed concept, where the patrons will sit in cars and watch vintage spaceship flicks while they dine from a deli menu.

One of four new feeding units to open at 15-month-old Disney-MGM between December and June, Sci-Fi Drive In has the potential to outdraw and outshoot '50s Prime Time, said Larry Slocum, vice president of foods for all the Disney parks here.

"We're even putting roller skates on the hostesses," said Slocum, adding, "Those movies are the kind where you can see strings holding up the props."

Judge restrains Spillman from operating near Pizza Inn units

DALLAS — A federal judge has barred Pizza Inn founder and former chairman Francis J. Spillman from operating for two years any restaurant falling within a 5-mile radius of a Pizza Inn.

The preliminary injunction was handed down in a trademark infringement suit brought by Pizza Inn against Spillman, operator of 17 Oregano's Pizza units, most of which were formerly Pizza Inns.

The suit charges that Spillman continued using proprietary Pizza Inn signage, logos, menus and promotional coupons long after he was ejected from the system as a franchisee.

The ruling came after a two-day hearing in which Pizza Inn produced more than 100 examples of the alleged trademark infringement by Oregano's.

A formal trial is scheduled for November.

Employers must retain reservist benefits, IRS rules

WASHINGTON — The Internal Revenue Service has ruled that restaurateurs and other employers may not discontinue the medical insurance of staffers who are summoned for active military duty because of the Middle East crisis.

Employers must also maintain coverage of reservists' families, the IRS said.

The ruling clarifies businesses' obligations when employees in the military reserves are reclassified for active duty. An undetermined number of restaurant employees have been among the estimated 9,000 reservists who have been called up thus far.

Big 4 opens two in Phoenix

PHOENIX — Big 4 Restaurants Inc. has opened two new restaurants here and is putting the finishing touches on a third.

Cafe 66 and Arizona Terrace opened early this month in the Phoenix Plaza. Aldo Baldo, an Italian Ristorante, is slated to debut in October at the Scottsdale Fashion Square.

Cafe 66, a 180-seat delicatessen-style cafeteria, will offer soups, salads, sandwiches and desserts for breakfast, lunch and delivery.

Grilled items are featured at the more upscale, 140-seat Arizona Terrace, which has a buffet and à la carte menus for lunch and early dinner.

Aldo Baldo will specialize in light Italian cuisine, including fresh pastas, polenta, grilled pizzas, an assortment of Italian waters and sodas, homemade breads and gelato and olive oil. Chef Lucio Iaconetti is working with other Big 4 chefs, including Oscar Taylor's Linda Marcinko.

Theme-park chefs cop top honors at Southeast show

ORLANDO — Reimund Pitz, the executive chef at Disney-MGM Studios, and Steve Jayson, the executive chef at Universal Studios Florida, earned the top two culinary crowns before 18,000 attendees of the Southeastern Foodservice Exposition here.

Pitz won the 1990 Governor's Cup Seafood Challenge to become Seafood Chef of the Year with a dish called Sarasota Seafood Minestrone.

Jayson edged out Pitz on taste points to become Beef Chef of the Year after the two chefs tied in the 1990 Florida Beef Cook-Off. Jayson prepared a wild mushroom-stuffed flank steak dish.

Chef-owner Louis Perrotte of Coz au Vin here triumphed in the annual hot-food mystery box competition, and Ana Price, a Walt Disney World chef-trainee, won the apprentice hot food event. Three gold medals were awarded in the cold-food salon, which drew 27 competitors.

FINANCIAL NEWS

Gulf crisis pummels restaurant stocks

(Continued from page 1)
is already in a recession, having to face an even more negative set of circumstances."

The Nation's Restaurant News Stock Index, a market-weighted measurement of 64 industry issues — the broadest gauge of industry stock market performance — lost nearly a quarter of its value in the weeks following the Persian Gulf flare-up.

The NRN Index — which had hit a historic high of 244.30 for the week ended July 13 — was already sliding before Iraq seized Kuwait. But after the hostilities, the NRN Index lost 16 points by the week ended Aug. 10 and kept dropping. The NRN Index fell 57.28 points, 23 percent of its value, to close at 187.02 by the week ended Aug. 24, before rebounding slightly to 193.50 Aug. 31.

For the comparable week a year ago, the NRN Index closed at 199.5. Not since the week of April 21, 1989, when the NRN index finished at 178.10, has it sunk as low as the Aug. 24 closing week.

The Dow Jones Industrial Average also had a dramatic fall. Hovering at one point in July at an unprecedented 3000, the DJIA plummeted to 2800 the day after the invasion and kept dropping in the following weeks to the low 2500 range before recent trading showed some recovery to the mid-2600s.

The Standard & Poor's 500 Index also sank, losing 10 percent of its value in August.

Analysts are united in a common view that the loss of luster in restaurant stocks stems from investor perception that the restaurant industry is dependent on a consumer base that needs gasoline.

That explains, they argue, why such issues as Cracker Barrel — whose stores are primarily along highways — lost 24 percent of its value.

Cracker Barrel tumbled from $27.50 from the last week in July (a week earlier it hit at 52-week high of $28.50) to about $22 at the end of August.

But Rally's, the drive-thru burger chain, was hit even harder and turned out to be the biggest loser during the period.

Rally's shares lost 26 percent of its value between its July 13 closing price of $17.25 per share and its August finish of $12.75.

Other big losers to the guns of August included Walt Disney Co., down from $116 a share to $102.38, just $1 shy from its 52-week low; TCBY, down from $12.25 to $7.38 per share; McDonald's off 12 percent, from $31.75 to $27.88; Sbarro, off 18 percent from $31.88 per share to a recent close of $25.88.

Caroline Levy, an analyst with Shearson Lehman Brothers, said restaurant stocks were already heading for the basement after McDonald's disclosed soft earnings growth for its second quarter ended July.

"But the more substantial problem is that small companies, which is what restaurant stocks are typically, do not do well in a recession," she said. "They are just more vulnerable than well-capitalized stock."

Moreover, she and other stock pickers argued that when large capitalized companies are on market-weighed indexes that are primarily made up of Over-The-Counter issues — like NRN's — a setback from a giant company can drag down an entire segment.

Steven Rockwell, an analyst with Alex. Brown & Sons in Baltimore, said he disagreed with the notion that McDonald's sluggishness influenced investors and paved the way for the current softness in industry stock prices.

"To lay the blame on McDonald's is unfair," he said. "McDonald's has not always performed in tandem with other companies, and investors realize that the results of one company have little to do with the performance of a whole group."

Rockwell also challenges his peers' assumptions that restaurants do poorly in a recession.

"If you look at past recessions, restaurant stocks tend to underperform other segments at the beginning of a recession," he said. "But over time, the group rebounds quicker than others."

Rockwell further asserted that in some ways the weakening among restaurant stocks may be a market correction. He noted some issues — Chili's, Sbarro's, Cracker Barrel, to name a few — may have been overpriced from the start. As a result, the Iraqi invasion of Kuwait became a good excuse for investors who bought low to sell high.

Despite the widespread belief among analysts that rising oil prices mean less consumer dollars will be spent at restaurants, Michael Mueller, an analyst with Montgomery Securities in San Francisco, offers a different perspective.

"I personally disagree with the idea that if oil prices go up, consumer spending weakens," Mueller said. "I am unable to find any correlation between weakening consumer spending and weakening restaurant sales.

"During the 1970s, for example, there were many examples of companies that reported consecutive earnings growth during a recession. So I don't think restaurants are negatively affected by consumer spending. What they will be affected by is if the supply of oil is cut off."

In addition, Mueller stated that the restaurant segment is in a much stronger condition than it was in the 1970s to weather the perils of an oil-induced recession.

He noted that minus a few exceptions, the balance sheets of most foodservice operators are not so highly leveraged as they were in the 1980s, giving restaurants a chance to secure and improve management rather than borrow to finance expansion drives.

FOOD PRICE OUTLOOK

Domestic cheese prices level off

by Patt Patterson

Four factors seem to have contributed to the leveling off of domestic **cheese** prices in recent weeks. One is that larger supplies of milk are available for cheese manufacturers. The second is that cheese inventories are up — in some cases as much as 10 percent. Also, demand seems to have plateaued, except for Italian cheeses used in pizza making. And, finally, the federal government has been buying only limited amounts. If cheese production continues at current rates and demand remains stable, prices may drop somewhat.

Prices for green coffee beans are moving up slowly. The reason is the uncertainty of supply. Brazil is absorbing a large part of its own production internally, and European stocks are running low with prospects for better prices there for coffee producers. No immediate effects are expected on roasted coffee prices here. U.S. roasters have large supplies purchased at the low point of the market, in some cases enough to last throughout the winter — traditionally the big coffee usage period.

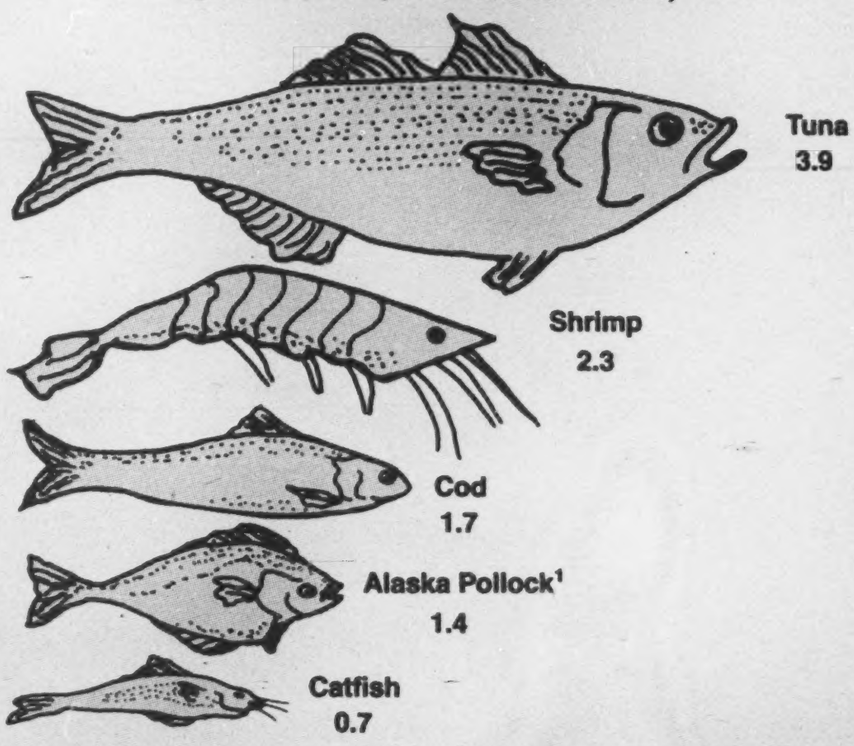
Poultry prices are holding near last year's levels, which were moderate. Current production continues to lead that of 1989 by about 5 percent to 6 percent, so prices should be stable for the next few months. **Egg** prices are down from last year's highs by about 10 percent, but that's still about 15 percent above the average for the past five years. No immediate price changes are seen.

Fish portion prices, especially for **cod, haddock** and **pollock**, are rising on sparse imports of frozen blocks and slabs of those fish. No immediate hope is in sight for increased supplies, with the prospects of further price hikes. **Whiting** supplies are in somewhat better condition, with prices more stable for now. If there's much switching to whiting, however, that picture could change quickly.

FACT FILE

Tuna's tops on seafood menus

(pounds per capita consumed in 1989)



Source: National Fisheries Institute Inc.

[1] Used in processed seafood products

FINANCIAL DIGEST

H & H completes sale of Bojangles'

NEW YORK — Horn & Hardart Co. said it had completed the sale of its 152-unit Bojangles' Chicken 'N Biscuits chain to a company organized by Sienna Holdings and Interwest Partners in a non-cash deal worth about $24 million.

To buy the chain, the investment group assumed $20 million of Horn & Hardart's 14-percent senior subordinated debentures plus $4 million in other liabilities and capital leases.

Service America posts $6.3 million loss

STAMFORD, Conn. — Citing a $15.7 million reduction in revenues from its vending arm, Service America Corp., a large non-commercial operation based here, reported a loss of $6.3 million for the first quarter ended June 30.

Service America lost $4.8 million in the year-ago period.

The contract feeder said first-quarter sales dipped 2 percent, to $268 million. It also said a $15.7 million reduction in its vending revenues was partially due to the sale of certain vending businesses.

SEC probing Red Robin franchise's stock

NEW YORK — Magic Restaurants Inc., operator of four Red Robin restaurants here, is cooperating with a Securities and Exchange Commission investigation into whether the franchise's stock price was manipulated and there was securities trading fraud, according to the New York Daily News.

Caterair completes $244M refinancing

WASHINGTON — Caterair International Corp. has issued a combination of new bonds to refinance a $244 million bridge loan that management used in December 1989 in a leveraged buyout of the former Marriott airline catering division.

Once known as In-Flite Services under Marriott's management, Caterair is projecting sales of $800 million in 1990.

Bob Evans posts 7% gain in earnings

COLUMBUS, Ohio — Bob Evans Farms Inc. said net income for its restaurant division rose 7 percent, to $6.8 million, for the first-quarter ended July 27. Citing 19 additional units in the system over the same period last year, the company said sales for the 243-unit family restaurant chain rose 12 percent, to $89.9 million.

Overall, combined net income for the restaurant and sausage division climbed 1 percent, to $7.7 million, on a 16-percent increase in sales, to $122.8 million.

Opening costs cut Ciatti's earnings

MINNEAPOLIS — Ciatti's Inc. said preopening costs for three new restaurants and an aggressive repair and maintenance program led to a 15-percent drop in fourth-quarter earnings, to $118,388.

Sales for the quarter ended July 1 jumped 35 percent, to $4.4 million.

For the year, the operator of nine casual Italian dinner houses said that earnings rose 41 percent, to $715,929, on a 47-percent increase in sales, to $16.5 million.

Ciatti's expects to add four units in Minnesota and Wisconsin during fiscal 1991.